2 TSX Oil Stocks That Have Gained Over 45% in 2022

Description

Energy stocks tend to become some of the most attractive investments for Canadian investors when oil prices are high. Global oil demand is through the proverbial roof, and supply issues have plagued international markets due to geopolitical factors. Many of the top Canadian energy companies have managed to improve their cash flows due to greater profit margins.

Profit margins for the largest oil and gas companies have skyrocketed across the industry. Several of the top players in the industry have announced substantial dividend hikes due to the improvement in their free cash flows. There is a chance that oil prices can realistically hit the US$150-per-barrel mark in the near future, and that could improve the situation further for Canadian oil-producing companies.

In light of the developments, it might be a wise decision to take a closer look at some of the companies that stand to benefit from rising oil prices. I will discuss two Canadian energy stocks you could add to your investment portfolio to leverage the surge in oil demand.

Why oil prices might rise further

WTI crude oil is priced at US$110.3 per barrel at writing, and there are expectations for it to rise further. The international community has placed sanctions left, right, and centre on Russia for its invasion of Ukraine. Russia's energy industry is one of the major crude oil and natural gas providers worldwide.

The global oil supply uncertainty created by the geopolitical tensions has led to a sharp increase in energy prices. The U.S. and IEA member countries have released millions of barrels from their reserves as a temporary measure to control the red-hot oil prices. However, the additional crude oil supplies will not last forever.

To make matters worse, OPEC+ countries are not willing to increase oil output, despite the surge in demand, and Saudi Arabia has increased its oil prices for all buyers. Direct sanctions on Russia's energy industry could contribute to rising oil prices combined with these factors.

Suncor Energy (TSX:SU)(NYSE:SU) and **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) are two Canadian energy stocks that could be worth adding to your portfolio amid the current situation.

Foolish takeaway

Suncor Energy is a $70.62 billion market capitalization integrated oil company based in Calgary. It specializes in producing synthetic crude oil through its oil sands operations. It is one of Canada's largest oil producers and has delivered stellar returns to its investors during market environments like these.

Suncor stock trades for $48.87 per share at writing, and it boasts a juicy 3.85% dividend yield. The stock is up by 75.10% in the last 12 months and 47.42% in 2022 alone. The rising strength in oil prices could drive its valuation higher in the coming weeks.

Canadian Natural Resources is a $92.61 billion market capitalization oil and natural gas company headquartered in Calgary. It is one of Canada's largest oil and natural gas companies, with operations primarily focused on the Western Canadian provinces. The ongoing trend in the energy industry justifies its considerable gains in the last 12 months.

Canadian Natural Resources stock trades for $79.33 per share at writing, and it boasts a juicy 3.78% dividend yield. Its share prices are up by 98.42% in the last 12 months and by 45.03% in 2022 alone.

Higher oil prices could lead to greater price appreciation in the coming weeks for these two top energy stocks. You might want to consider allocating some portion of your portfolio to Canadian energy stocks.

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Date
2025/08/23
Date Created
2022/05/23
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